

SENATE BUDGET COMMITTEE  
**DEMOCRATIC CAUCUS**  
KENT CONRAD, RANKING MEMBER

FOR IMMEDIATE RELEASE  
February 7, 2001

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**SENATE BUDGET COMMITTEE RANKING MEMBER  
CALLS FOR PROTECTING MEDICARE TRUST FUND**  
**Conrad: Bush's Tax Plan Is Too Big, Sets Us Up for Raid of Medicare Trust Fund**

**Washington** - Senator Kent Conrad, the Ranking Member on the Senate Budget Committee, warned again that President Bush's tax cut is too big and cautioned against the Bush Administration's apparent willingness to raid the Medicare Trust Fund. Conrad's remarks came in a Senate Budget Committee hearing that focused on the massive deficits the country will face in the not-too-distant future due to the retirement of the baby boom generation.

"We know that we will be facing huge deficits in just a few years as the baby boomers begin to retire," said Conrad. "I can't think of anything more irresponsible than pushing through a massive tax cut now, when we can see this wave of retirements coming just over the horizon. President Bush's plan does nothing to save for this coming wave and will saddle our children with a huge bill for our own retirement. The prudent thing to do, the responsible thing to do, the compassionate thing to do, and yes, the conservative thing to do, would be to set aside some of the surpluses we now enjoy to help pay for this coming bill."

Conrad noted with concern that members of the Bush Administration have, on several occasions, expressed a willingness to raid the Medicare Trust Fund to pay for other spending. "It would be wrong to use the Medicare Trust Fund for other spending when we know that the Fund is in such a dire financial condition that it could become insolvent a full twelve years before the Social Security Trust Fund," said Conrad. "It is completely illogical to say that we should protect the Social Security Trust Fund, but that it doesn't matter if we spend the Medicare Trust Fund. Both trust funds face the same demographic pressures from the coming retirement of the baby boom generation and both should be protected."

Conrad further spoke out against calls to use the Medicare Trust Fund to pay for a prescription drug benefit. "We need to help our seniors pay for prescription drugs, and there is bipartisan support to do it," said Conrad. "But I am concerned that the Bush Administration may be about to pull a fast one on the American people by offering to pay for a new prescription drug benefit out of the Medicare Trust Fund. This is classic double-counting. The surpluses we've

built up in the Medicare Trust Fund are needed to pay for the cost of the Medicare benefits that we have already promised to provide – a cost that will grow significantly once the baby boomers begin to retire. It makes no sense to begin drawing down these funds even faster to pay for a new prescription drug benefit or any other new spending. A new prescription drug benefit can and should be paid for out of non-Social Security and non-Medicare Trust Fund surpluses.”

Conrad went on to repeat his call for taking a balanced approach in developing a budget plan. “The bottom line is that President Bush’s tax cut is just too big,” said Conrad. “We can and will have a significant tax cut this year. But it should be one that is affordable, one that is fair, one that leaves room for us to save for the retirement of the baby boom generation, one that protects both the Social Security and Medicare Trust Funds, and one that doesn’t drive us back into the deficit ditch we just climbed out of.”

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